SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA

COMPLIANCE REPORT

For the Year Ended June 30, 2021

And Report of Independent Auditor

Cherry Bekaert LLP
Your Guide Forward

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Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Honorable Members
School Board of the City of Richmond, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board of the City of Richmond, Virginia (the "School Board"), a component unit of the City of Richmond, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements and have issued our report thereon dated October 18, 2021. That report recognizes that the School Board implemented one new accounting standard effective July 1, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School Board's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Board's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and one instance of noncompliance that is required to be reported under the *Specifications for Audits of Counties, Cities, and Towns*, which is described in the accompanying schedule of findings and questioned costs as item 2021-002.

School Board's Response to Finding

Government Auditing Standards require the auditor to perform limited procedures on the School Board's response to our finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The School Board's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Board's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Richmond, Virginia
October 18, 2021

Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Honorable Members of the
School Board of the City of Richmond, Virginia

Report on Compliance for Each Major Program

We have audited the School Board of the City of Richmond, Virginia's (the "School Board"), a component unit of the City of Richmond, Virginia, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School Board's major federal programs for the year ended June 30, 2021. The School Board's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School Board's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the School Board's compliance.

Basis for Qualified Opinion on Head Start

As described in the accompanying schedule of findings and questioned costs, the School Board did not comply with requirements regarding ALN 93.600 Head Start as described in finding number 2021-001 related to subrecipient monitoring. Compliance with such requirements is necessary, in our opinion, for the School Board to comply with the requirements applicable to that program.

Qualified Opinion on Head Start

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the School Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Head Start for the year ended June 30, 2021.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the School Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2021.

The School Board's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The School Board's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the School Board is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Board's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Board's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

The School Board's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The School Board's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements. We issued our report thereon dated February 1, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Cherry Bekaert LLP

Richmond, Virginia
March 31, 2023

SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2021

	Assistance Listing Number	Pass Through Identifying Number	Program Clusters	Federal Expenditures/ Expenses
DEPARTMENT OF DEFENSE				
Direct Payments:				
Army ROTC	12.000			$ 447,713
Total Department of Defense				447,713
DEPARTMENT OF AGRICULTURE				
Passed Through Virginia Department of Agriculture and Consumer Services:				
National School Lunch Program	10.555	202020N109941	$ 1,051,860	
Passed Through Virginia Department of Education:				
School Breakfast Program	10.553	202020N850341/202120N119941/202121N109941/202121N119941	2,108,610	
National School Lunch Program	10.555	202020N850341/202120N119941/202121N109941/202121N119941	3,703,867	
Summer Food Service Program for Children	10.559	202020N850341	1,149,424	
Total for Child Nutrition Cluster				8,013,761
Fresh Fruit & Vegetables Program	10.582	202019L160341/202120L160341		160,468
Child and Adult Care Food Program	10.558	201919N202041/201919N109941/201918N109941/ 202020N109941/202020N202041/202020N850341		90,558
Total Department of Agriculture				8,264,787

See Notes to Schedule of Expenditures of Federal Awards.

SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONCLUDED)

YEAR ENDED JUNE 30, 2021

	Assistance Listing Number	Pass Through Identifying Number	Program Clusters	Federal Expenditures/ Expenses
DEPARTMENT OF EDUCATION				
Direct Payments:				
Impact Aid	84.041			$ 248,600
Arts in Education	84.351	U351C170099		262,800
Passed Through Virginia Department of Education:				
Adult Education - State Grant Program	84.002	V002A180047/V002A190047/V002A200047		1,105,030
Title I Grants to Local Educational Agencies	84.010	S010A180046/S010A190046/S010A200046		17,627,254
Title I School Improvement Grants	84.377	S377A140047/S377A150047/S377A160047		475,974
Special Education - Grants to States	84.027	H027A180107/H027A190107/H027A200107	$ 6,882,140	
Special Education - Preschool Grants	84.173	H173A180112/H173A190112	149,359	
Total for Special Education Cluster (IDEA)				7,031,499
Career & Technical Education - Basic Grants to States	84.048	V048A180046/V048A190046/V048A200046		1,200,081
Twenty-First Century Community Learning Centers	84.287	S287C190047/S287C200047		140,682
English Language Acquisition Grants	84.365	S365A180046/S365A190046/S365A200046		408,947
Improving Teacher Quality State Grants	84.367	S367A180044/S367A190044/S367A200044		2,362,285
Student Support and Academic Enrichment	84.424	S424A180048/S424A190048/S424A200048		2,035,761
COVID-19 - CARES Act ESSERF & ESSER II	84.425 & 84.425D	S425D200008/S425C200042/S425D210008		20,459,443
VPI-Temporary Assistance for Needy Families (TANF)	93.558	2101VATANF		538,634
COVID-19 - Coronavirus Relief Fund	21.019	SLT0218		4,127,480
Passed Through the College of William and Mary:				
Education for Homeless Children and Youth	84.196	G123-20		140,789
Passed Through Virginia Commonwealth University				
Cardiovascular Diseases Research	93.837	1U01HL138682-01		15,213
Total Department of Education				58,180,471
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Payment:				
Head Start	93.600	03CH010630-03-01	7,609,155	
COVID-19 - Head Start CARES	93.600	03CH010630-03-01	352,782	
Total Head Start				7,961,937
Passed Through Virginia Board for People with Disabilities				
Developmental Disabilities	93.630	RCPS-20-10		8,968
				7,970,905
Total Federal Awards				$ 74,863,876

See Notes to Schedule of Expenditures of Federal Awards.

Note 1—Summary of significant accounting policies

Reporting Entity – The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the activity of all federal award programs administered by the School Board of the City of Richmond, Virginia (the "School Board"). The School Board's reporting entity is defined in Note 1(b) of the School Board's basic financial statements.

Basis of Presentation – The information in the Schedule is presented in accordance with the requirements of Uniform Guidance. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Federal award program titles are reported as presented in the Assistance Listing Number in effect for the year in which the award was granted.

Basis of Accounting – The Schedule has been prepared on the modified accrual basis of accounting as defined in Note 1 (e) of the School Board's basic financial statements. Federal award programs include direct expenditures and monies passed through to other governmental entities (i.e., payments to subrecipients). In addition, included within the Department of Agriculture section is non-monetary assistance in the form of donated commodities totaling $1,051,860.

Note 2—Relationship to federal financial reports

The regulation and guidelines governing the preparation of federal financial reports vary by federal agency and among programs administered by the same agency. Accordingly, the amounts reported in the Federal financial reports do not necessarily agree with the amounts reported in the accompanying Schedule.

Note 3—Indirect costs

The School Board has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4—Subrecipient payments

Of the federal expenditures presented in the Schedule, the School Board provided federal awards to subrecipients as follows:

Program Title	Assistance Listing Number	Subrecipients
Head Start	93.600	$1,148,895

Note 5—Federal Program Expenditures in Total

The total of Assistance Listing Number 10.555 for the fiscal year ended was $4,755,727.

(1) Summary of Auditor's Results

- The type of report issued on the financial statements: **Unmodified**
- Significant deficiencies in internal control disclosed by the audit of the financial statements: **None reported**
- Material weakness in internal control disclosed by the audit of the financial statements: **No**
- Noncompliance which is material to the financial statements: **No**
- Significant deficiencies in internal control over the major program: **None reported**
- Material weakness in internal control over the major program: **Yes, 2021-001**
- The type of report issued on compliance for the major program:
    - **Qualified** – Head Start finding 2021-001
    - **Unmodified** – all other major programs
- Any audit findings which are required to be reported under the Uniform Guidance: **Yes, 2021-001**
- Major program:
    - Special Education Cluster (Assistance Listing Number 84.027 and 84.173)
    - Care Act Education Stabilization Funds (Assistance Listing Number 84.425 and 84.425-D)
    - Coronavirus Relief Fund (Assistance Listing Number 21.019)
    - Head Start (Assistance Listing Number 93.600)
- Dollar threshold used to distinguish between Type A and Type B programs: $2,245,916
- Auditee qualified as low-risk auditee: Yes

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

None noted.

(3) Findings and Questioned Costs Relating to Federal Awards

2021-001: Material Weakness and Compliance Qualification – Subrecipient Monitoring

Program: Head Start (ALN 93.600 - U.S. Department of Health and Human Services; Federal Award Number: not available; Federal Award Year: 2021

Criteria: Per 42 USC 9836a(d) and 45 CFR Sections 1304.51i(2) and (3), "HSAs must establish and implement procedures for the ongoing monitoring of their own Head Start and Early Head Start operations, as well as those of their delegate agencies, to ensure that these operations effectively implement federal regulations, including procedures for evaluating delegate agencies and procedures for defunding them. Grantees must inform delegate agency governing bodies of any identified deficiencies in delegate agency operations identified in the monitoring review and assist them in developing plans, including timetables, for addressing identified problems."

Condition: Per the Program Manager, no monitoring activities (e.g., desk reviews or site visits performed at subrecipients' location) were performed during the fiscal year ended June 30, 2021.

***Cause*:** Per program management, no monitoring visits were scheduled due to risks related to the coronavirus (COVID-19) pandemic.

Effect: The Richmond Public Schools is unable to ensure subrecipients effectively adhered to program requirements and Federal regulations.

Questioned Costs: Undeterminable; however, Richmond Public Schools provided pass through funds totaling $1,148,895 to subrecipients as reimbursed expenditures.

Recommendation: The Richmond Public Schools should effectively implement subrecipient monitoring controls to includes onsite monitoring visits and desk reviews to ensure program funds are being used as the grant intended.

Views of Responsible Officials and Planned Corrective Action:

RPS school and programs were either moved to virtual or suspended as a result of COVID. Thus the Head Start monitoring protocols were postponed, as a result of COVID. They resumed beginning with the 2021-2022 school year.

- ***Contact Person***: Kalota Stewart Gurley, Program Manager
- ***Corrective Action:*** Monitoring activities will resume for the 2021-2022 School year.
- ***Anticipated Completion Date:*** June 2022

(4) Findings and Questioned Costs Related to Compliance with Commonwealth of Virginia Laws, Regulations, Contracts and Grants

2021-002: Instance of Noncompliance – Annual School Report

Criteria: Chapter 3-11 of the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, requires the School Board to submit an annual financial report (called the Annual School Report) to the Commonwealth of Virginia's Board of Education no later than September 15 of each year on forms provided by the Superintendent of Public Instruction (Section 22.1 1-81 of the Code of Virginia).

Condition: The School Board's Annual School Report was submitted on October 6, 2021 for a September 30, 2021 reporting deadline, which was extended by the Commonwealth of Virginia's Board of Education from September 15, 2021.

Cause: The 2021 report was delayed due to transitioning the process to newer staff, thus leading to a longer preparation and review process.

Effect: Noncompliance may result in action by the Commonwealth of Virginia.

Questioned Cost: Nonfinancial finding.

Recommendation: The School Board should implement corrective action to ensure timely submission of the Annual School Report.

Views of Responsible Officials and Planned Corrective Action:

- ***Contact Person***: Angela Anderson, Budget Manager
- ***Corrective Action***: The required report for June 30, 2022 will be submitted by September 15, 2022
- ***Anticipated Completion Date***: September 15, 2022

(5) Status of Prior Year Findings and Questioned Costs Relating to Federal Awards

None noted.